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Proposed Counsel to Debtors

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re:	Chapter 11
ICAP ENTERPRISES, INC.,	Proposed Lead Case No. 23-01243-11
Debtor.	
ICAP PACIFIC NW MANAGEMENT, LLC,	Chapter 11
Debtor.	Case No. 23-01261-11
ICAP VAULT MANAGEMENT, LLC,	Chapter 11
Debtor.	Case No. 23-01258-11
ICAP VAULT, LLC,	Chapter 11
Debtor.	Case No. 23-01256-11

**DECLARATION OF LANCE MILLER IN SUPPORT OF
MOTIONS FOR JOINT ADMINISTRATION AND LIMITED
NOTICE PROCEDURES**

BUCHALTER
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1	ICAP VAULT 1, LLC,	Chapter 11
2	Debtor.	Case No. 23-01257-11
3		
4	VAULT HOLDING 1, LLC,	Chapter 11
5	Debtor.	Case No. 23-01265-11
6		
7	ICAP INVESTMENTS, LLC,	Chapter 11
8	Debtor.	Case No. 23-01255-11
9		
10	ICAP PACIFIC NORTHWEST OPPORTUNITY AND INCOME FUND, LLC,	Chapter 11
11	Debtor.	Case No. 23-01248-11
12		
13	ICAP EQUITY, LLC,	Chapter 11
14	Debtor.	Case No. 23-01247-11
15		
16	ICAP PACIFIC INCOME 4 FUND, LLC,	Chapter 11
17	Debtor.	Case No. 23-01251-11
18		
19	ICAP PACIFIC INCOME 5 FUND, LLC,	Chapter 11
20	Debtor.	Case No. 23-01249-11
21		
22	ICAP NORTHWEST OPPORTUNITY FUND, LLC,	Chapter 11
23	Debtor.	Case No. 23-01253-11
24		
25	725 BROADWAY, LLC,	Chapter 11
26	Debtor.	Case No. 23-01245-11
	SENZA KENMORE, LLC	Chapter 11
	Debtor.	Case No. 23-01254-11

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1	ICAP CAMPBELL WAY, LLC,	Chapter 11
2	Debtor.	Case No. 23-01250-11
3		
4	UW 17TH AVE, LLC,	Chapter 11
5	Debtor.	Case No. 23-01267-11
6		
7	ICAP BROADWAY, LLC,	Chapter 11
8	Debtor.	Case No. 23-01252-11
9		
10	VH 1121 14TH LLC,	Chapter 11
11	Debtor.	Case No. 23-01264-11
12		
13	VH SENIOR CARE LLC,	Chapter 11
14	Debtor.	Case No. 23-01266-11
15		
16	VH WILLOWS TOWNHOMES LLC,	Chapter 11
17	Debtor.	Case No. 23-01262-11
18		
19	ICAP @ UW, LLC,	Chapter 11
20	Debtor.	Case No. 23-01244-11
21		
22	VH 2ND STREET OFFICE LLC,	Chapter 11
23	Debtor.	Case No. 23-01259-11
24		
25	VH PIONEER VILLAGE LLC,	Chapter 11
26	Debtor.	Case No. 23-01263-11
	ICAP FUNDING LLC	Chapter 11
	Debtor.	Case No. 23-01246-11

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1 2 3 4 5 6 7 8 9 10	ICAP MANAGEMENT LLC Debtor.	Chapter 11 Case No. 23-01268-11
11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26	ICAP REALTY, LLC Debtor.	Chapter 11 Case No. 23-01260-11 DECLARATION OF LANCE MILLER IN SUPPORT OF <i>EX</i> <i>PARTE</i> MOTIONS SEEKING APPROVAL OF (I) JOINT ADMINISTRATION OF CHAPTER 11 CASES; AND (II) LIMITED NOTICE PROCEDURES

I, Lance Miller, declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief.

1. I am a Chief Restructuring Officer of the above-captioned debtors and debtors in possession (together, the “Debtors” or the “Company”). I am generally familiar with the Company’s business and financial affairs, and books and records. I am above 18 years of age and I am competent to testify.

2. I am a Partner at Paladin Management Group (“Paladin”), a financial advisory firm with an office located at 633 West 5th Street, 28th Floor, Los Angeles, California, 90071. Paladin provides a broad range of corporate advisory services to its clients including, without limitation, restructuring, strategic and transaction advisory, and strategic communications services. As a partner at Paladin, I have extensive experience in the reorganization and restructuring of troubled companies, both out-of-court and in chapter 11 proceedings. My experience includes representations in the following matters, among other things: *In re PP Group, LLC*, Case No. 20-10910 (Bankr. D. Del.); *In re Easterday Ranches, Inc.*, Case No. 21-00141 (Bankr. E.D. Wash.); *In re MD America Energy, LLC*, Case No. 20-34966 (Bankr. S.D. Tex.); *In re*

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1 *Yogaworks, Inc.*, Case No. 20-12599 (Bankr. D. Del.); *In re Chesapeake Energy Corp.*,
2 Case No. 20-32333 (Bankr. S.D. Tex.); *In re Lear Capital, Inc.*, Case No. 22-10165
3 (Bankr. D. Del.); *In re CalPlant I Holdco, LLC*, Case No. 21-11302 (Bankr. D. Del.).
4 Prior to joining Paladin, I was the general counsel and chief restructuring officer at
5 Sugarfina, Inc., and general counsel at American Apparel, Inc. I earned a B.A. degree
6 from the University of California, San Diego, and a juris doctor degree from Boston
7 University School of Law. I have approximately 18 years of experience as an advisor
8 and investor in corporate restructurings and distressed situations. I have advised
9 companies, creditors, shareholders, and other stakeholders regarding restructurings and
10 recapitalizations, chapter 11 reorganizations, and mergers and acquisitions.

11 3. I am authorized to submit this declaration on behalf of the Debtors.
12 Except as otherwise indicated, all facts set forth in this declaration are based upon my
13 personal knowledge of the Company's operations and finances, information learned
14 from my review of relevant documents, and information I have received from the
15 Company's advisors. If I were called upon to testify, I could and would testify
16 competently to the facts set forth herein on that basis.

17 4. I offer this Declaration in support of the contemporaneously filed:
18 (i) *Debtors' Ex Parte Emergency Motion for Entry of Order (I) Directing the Joint*
19 *Administration of these Cases ("Joint Administration Motion")*; and (II) *Granting*
20 *Related Relief*; and (ii) *Debtors' Ex Parte Emergency Motion for Entry of Order*
21 *(I) Limiting Scope of Notice; (II) Authorizing Service to Investors by Email; and*
22 *(III) Granting Related Relief ("Notice Procedures Motion")*.

23 General Background

24 5. On September 29, 2023 (the "Petition Date"), the Debtors each filed
25 voluntary petitions for relief under chapter 11 of the Bankruptcy Code before this
26

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1 Court.

2 6. The Company was founded in 2007 by Christopher Christensen
3 (“Christiansen”) to invest in real estate opportunities in the Pacific Northwest. The
4 Company grew quickly, raising more than \$211 million in capital and deploying those
5 funds toward real estate investments. By early 2023, the Company employed more
6 than 35 employees in its headquarters based in Bellevue, Washington.

7 7. The Debtors invest in two categories of real estate, across two divisions
8 of operations known as the “Portfolio Business” and the “Vault Business.” The
9 Portfolio Business is the oldest of the Debtors’ business lines, focusing on development
10 opportunities for multifamily real estate projects. The Vault Business was started in
11 2018 for the purpose of investing in standalone real estate investments that have the
12 potential to be or already were cash flow positive. On the Petition Date, the Debtors
13 owned or controlled a total of 13 real estate properties, spread across both Businesses.

14 8. The Company’s growth was financed largely through indebtedness. By
15 November 2022, total indebtedness reached \$230 million, with reported consolidated
16 assets of \$93 million. At the same time, the national and state economies were
17 experiencing significant disruption, with slowing growth, substantial inflation, and
18 successive increases in interest rates. The Company was no longer able to service its
19 ongoing debts.

20 9. The Company’s liquidity continued to decline, and on April 15, 2023, the
21 Company terminated substantially all of its employees. Between March and July 2023,
22 the Company attempted to find ways to raise liquidity and address its obligations out
23 of court. Those efforts were ultimately unsuccessful. On July 14, 2023, the Company
24 engaged the services of my firm, Paladin, in order to assist in evaluating options for
25 addressing its liquidity needs and/or restructuring its obligations.
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1 10. On September 28, 2023, Mr. Christensen resigned all positions with the
2 Debtors, and I was appointed Chief Restructuring Officer with full and exclusive
3 control and authority over the Debtors and the prosecution of the Debtors' chapter 11
4 cases (the "Chapter 11 Cases").

5 **Facts Specific to Joint Administration Motion**

6 11. The Debtors are all part of a common business enterprise and share
7 common direct or indirect ownership and control.

8 12. iCap Enterprises, Inc. is the ultimate parent for all of the Debtors other
9 than iCap Investments, LLC ("Investments"). Mr. Christensen is the sole shareholder
10 of both of those Debtors.

11 13. As discussed above, on September 28, 2023, Mr. Christensen resigned all
12 positions with the Debtors and I was appointed Chief Restructuring Officer with full
13 and exclusive control and authority over the Debtors, including, without limitation, the
14 power to file and prosecute all of these Chapter 11 Cases

15 14. I believe the affairs of the Debtors are sufficiently intertwined to make
16 joint administration of their Chapter 11 Cases more efficient and economical than
17 separate administration.

18 15. In my experience, joint administration of the Chapter 11 Cases will
19 provide significant administrative efficiencies without harming the substantive rights
20 of any party in interest. For example, many of the motions, hearings and orders that
21 will be filed in the Chapter 11 Cases almost certainly will affect each of the Debtors.

22 16. In my experience, joint administration of the Chapter 11 Cases will also
23 reduce fees and costs by avoiding duplicative filings, objections, notices, and hearings,
24 and will allow all parties in interest to monitor the Chapter 11 Cases with greater ease
25 and efficiency.
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1 17. For these reasons, joint administration is in the best interests of the
2 Debtors' estates, their creditors, and all other parties in interest and will enable the
3 Debtors to administer their estates in chapter 11 with the least disruption.

4 **Facts Specific to Notice Procedures Motion**

5 18. The Company's prepetition fundraising efforts relied substantially on
6 raising debt capital from almost 2,000 individual investors (the "Investors") around the
7 United States, including within the Chinese community. All of the creditors on the
8 Debtors' list of top 30 unsecured creditors (the "Top 30 List") are such Investors.

9 19. In addition, approximately 200 of the Debtors' Investors live outside of
10 the United States, including 22 of whom that are listed on the Top 30 List, in places
11 such as (for example) China, Taiwan, the United Kingdom, and the British Virgin
12 Islands. Furthermore, the Debtors do not have mailing addresses for approximately
13 350 of the Investors and have been communicating with the exclusively via email.

14 20. Due to the general delays, costs, and potential issues associated with
15 overseas mailings, the Debtors have historically had substantially all relevant
16 communications with their Investors via email.

17 21. Serving almost 2,000 Investors by mail, many of whom do not live in the
18 United States, is impracticable. Among other things, providing notice of all matters
19 identified in Bankruptcy Rule 2002 to all creditors and interested parties in this case
20 would be very costly and time-consuming.

21 22. Mailing notices and copies of motions to Investors overseas would be
22 particularly expensive, and potentially cost-prohibitive.

23 23. In my experience, the relief requested in the Notice Procedures Motion
24 will minimize the administrative burden and expense on the Debtors while preserving
25 the due process of creditors and other parties in interest.
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1 I declare under penalty of perjury under the laws of the State of California that
2 the foregoing is true and correct.

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Lance Miller

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